



MONTEBELLO UNIFIED SCHOOL DISTRICT

Anthony J. Martinez, Ph.D., Interim Superintendent of Schools
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March 2, 2017

BY U.S. MAIL

Tony Mendoza, Senator
Christina Garcia, Assemblymember
Ed Chau, Assemblymember
State Capitol
P.O. Box 942849
Sacramento, California 94249-0115

Re: Response to State Audit Request for Montebello Unified School District

Dear Senator and Assemblymembers:

The Montebello Unified School District ("District") is in receipt of your correspondence entitled, "State Audit Request for Montebello Unified School District," dated February 27, 2017, whereby you graciously expressed your intent to submit a state audit request through the Joint Legislative Audit Committee ("JLAC") to begin the District's financial audit process. As you will recall, the Board unanimously voted to conduct an internal audit of the District's finances several months ago. Thus, your generous offer to assist and work with the District in this endeavor is timely and welcomed. To that end, we pledge to work cooperatively and collaboratively with your offices to initiate a thorough and complete forensic audit of the District's finances and operations. As established below, and for purposes of making the financial audit process manageable, the District recommends that several categories be analyzed, including but not limited to:

Adult Education

- Has Adult Education utilized funds beyond their state and federal allocation?
- Has Adult Education received funds earmarked specifically for K-12 expenditures?
- Has the District subsidized the Adult Education program with K-12 funds?
- How many K-12 staff members also maintain paid positions through Adult Education?

BOARD OF EDUCATION
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RUBEN J. ROJAS, Chief Business Officer
ANGEL E. GALLARDO, Ed.D., Assistant Superintendent - Human Resources
ANTHONY J. MARTINEZ, Ph.D., Assistant Superintendent - Instructional Services

Adult Education - (continued)

- Why was Police Services budgeted within Adult Education?
- What method does the District utilize in order to verify Adult Education enrollment?
- What method does the District utilize in order to verify Adult Education attendance?
- When was the last time that the District reviewed enrollment and attendance of students in Adult Education?
- When has enrollment and/or attendance been audited by an independent body?
- What methods does the District utilize to determine appropriate Adult Education teaching and administrative staffing levels?

Facilities

- Why does the District have a balance of GO funds which were issued in 1998?
- Why has such balance not been utilized?
- How does the Facilities Department monitor inventory? Who has access to inventory?
- Why does the Facilities Department have excess credit cards issued to personnel?

Finance

- Does the District have the ability to maintain accurate position control that interfaces with budget?
- Has the District avoided deficit spending in the past and current years? In the two outgoing years?
- Is the District's fund balance at or consistently above the recommended reserve for economic uncertainty?
- Does the District have a reliable software platform which is compatible with LACOE's People Soft platform?
- Does the Finance Department have the necessary software to complete state and federal reporting requirements?
- Is the District inappropriately using Supplemental and Concentration funds for base programs?
- Has the District developed the ability to track LCAP (Local Control Accountability Plan) expense?
- What process is in place to make certain that all district expenditures, including overtime and out of class additional assignments are Board approved?

Finance - (continued)

- How are LCFF (Base, Supplemental, and Concentration) monies budgeted?
- Which stakeholders participate in the development of the district's budget (unrestricted and restricted)
- How are school expenditures aligned to the District's priorities?

Health Benefits

- How many contribution pools are supported by the District's program?
- Why are there more than three pools when the District only has three bargaining units?
- Does the District receive a premium payment from any non-public agency or outside entity?
- When has a full audit been conducted to verify member eligibility?

Human Resources

- What process does the District have in place to ensure compliance with the Merit system?
- How often does the District extend provisional positions?
- Does the District have the ability to hire staffing in a timely manner?
- Are the District's enrollment projections updated at least semiannually?
- Are staffing adjustments for certificated and classified employee groups consistent with enrollment trends?
- Does the District maintain and use an effective and reliable position control system that tracks personnel allocations and expenditures?
- Is position control reconciled against the budget during the fiscal year?
- How is the hiring of personnel determined? What services are being provided and how are those services evaluated?

Information Technology

- Why has the District not invested in reliable Wi-Fi for classrooms?
- Why has the District not invested in its IT infrastructure?

Instruction

- What has the District implemented to improve student learning?
- What has the District implemented to improve student achievement?
- How is instruction linked to the LCAP?
- How does the District monitor instruction?

Logistics

- Does the Logistics Department have the ability to track assets in an automated manner?
- Do Logistics Department personnel have the experience to conduct asset inventory reviews?
- How are assets tracked and goods received?

Procurement

- Why are contracts automatically renewed without a competitive review of pricing?
- What is the rate which District contracts are automatically extended beyond a five-year term without a competitive process?
- Why does the procurement department not provide assistance to construction related procurements?
- Why are District credit cards distributed via procurement?
- Why has procurement distributed an excess of over 150 District credit cards to District staff?
- How does procurement review purchases made on said credit cards?
- How does procurement track the available balances for purchase orders?
- What checks and balances does the District utilize to maintain accurate inventory logs?
- How are contracts being awarded? What is the bidding process, if applicable?

Risk Management

- What is the average length of time for settlement?
- What is the average cost of each settlement?
- What amount does the District set aside annually for Risk Management?

Special Education

- How are restricted- State and Federal monies for Special Education budgeted and monitored?
- How are expenditures using Local Control Funding Formula (LCFF) monies to support Special Education determined?
- What role does Business Services play during an Individualized Education Program (IEP) meeting when determining services beyond what MUSD could provide?

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Transportation

- When was the CNG station purchased?
- What funds were utilized for the purchase?
- How old was the unit at the time of the purchase?
- How are transportation routes planned and executed?
- How is the transportation department's budget developed and monitored for the present and subsequent years?

Thank you for your continued trust in the Montebello Unified School District and we look forward to working with you in the future. If you have any questions, please contact my office at (323) 887-7900, extension 2201.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Anthony J. Martinez".

Anthony J. Martinez, Ph.D.
Interim Superintendent of Schools
Montebello Unified School District